

# The Alabama Subregion

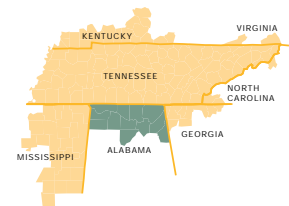
**C**ontinued improvement should mark the Alabama subregion's economy in 1998, although the area is still expected to lag behind the rest of the Valley. It grew very rapidly during the '80s, when durables manufacturing as well as service-sector and non-farm payroll employment all increased much faster than the regional average. This was mostly due to a dramatic expansion of Huntsville's aerospace and defense industry. But by 1990 the city was feeling the effects of defense cutbacks, and jobs declined.

Economically, the remainder of the subregion is more typical of the rest of the Valley and grew along with it in the early 1990s. Although Huntsville's growth had been concentrated in durables manufacturing, the rest of the subregion expanded primarily in nondurables, especially textiles and poultry processing. The chart below shows the sharp decline in durables between 1990 and 1994. This trend only partly offset the reverses in Huntsville, so the economy of the subregion as a whole grew at a slower pace than that of the Valley during the period.

Reflecting the '95 slowdown, the subregion rapidly lost apparel jobs. Although it retained most of its previous gains in textiles, and although food processing continued to expand very slowly, non-durables posted overall job losses. At the same time, Huntsville was able to hold on to many of its highly skilled workers, who transferred their talents to nondefense com-

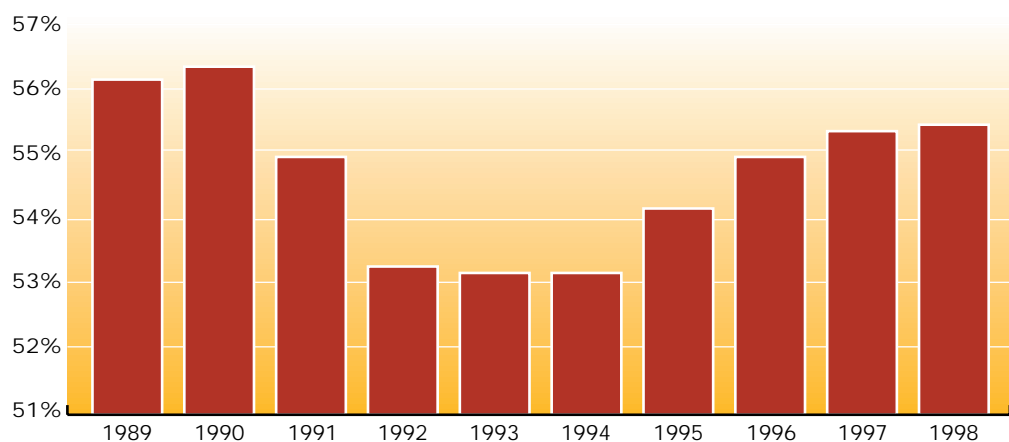
mercial positions. For example, SCI Systems and Adtran, two Huntsville businesses on the Edge 100 list of the largest companies headquartered in the Valley (*see the Summer '97 Economic Edge*), greatly increased their payrolls over the period. Other durables companies, such as the new Trico Steel mini-mill in Decatur, have also been moving in. Trico employs about 300 people and brings additional business to the subregion. The chart shows the renewed strength in durables since 1994.

These trends should continue in 1998, when nondurables will improve as apparel becomes less of a drag on the economy. Although the explosive defense-driven growth of the 1980s won't return, metals and machinery are expected to go on expanding in both high-tech and more standard industries such as auto-related manufacturing, which will benefit from the new Mercedes-Benz plant in Vance, Alabama. Additionally, civilian government employment is being augmented by the transfer of 1,600 Air Missile Command positions to Huntsville as the consolidation in national defense continues.



North Alabama's economy got a big boost on September 30 when state officials announced that the Boeing Company would build a Delta IV rocket plant in the Mallard-Fox Creek Industrial Park near Decatur. The \$450 million plant will cover two million square feet and employ 2,300 workers. The subregional forecast for 1998, at left, was prepared before this event and doesn't reflect any potential economic effects from plant construction, scheduled to start in November.

DURABLE GOODS AS A PERCENTAGE OF MANUFACTURING



*Durables' portion of manufacturing has rebounded well after a decline in the mid-'90s.*